FREE SILVER WANTED

NEBRASKA BANKER SEES SALVATION'S LIGHT.

R. G. Horr's Defense of the Single Gold Standard Punctured by a Man Who Knows What's Right from Experience.

Recently my attention was attracted to a letter from Mr. Edwin G. Phipps of Bartlett, Ohio, addressed to the editor of the New York Tribune, and given space in the weekly edition of that paper.

Mr. Phipps asked to have explained some things about finance. "Why is a gold dollar worth more than a silver dollar?" he asked, meaning, in the light of what went before. Why is the bullion worth of a gold dollar worth more than the bullion worth of a silver dollar?

The reply to the letter was over the signature of R. G. Horr, and occupied as much as three columns of the paper.

This Mr. Horr was one time a congressman from Michigan and afterward hired to the Tribune as an authority on the tariff question. In supplying the Republicans of the rural districts stock arguments for high tariff Mr. Horr met with some measure of success. The few profiting directly during the period of high protection have been materially grateful to Mr. Horr, we may suppose, for the influence he exerted in maintaining the system. But now the displacement of the tariff question by the finance issue seriously threatens the place of Mr. Horr as an adviser of hayseed ignorance.

Many who piped to his piping while the tariff was the issue of issues are now mute or protestant over his oracular utterances respecting finance. They see, or think they do, which is of the same effect upon Mr. Horr's reputation among them, that he is powerless to grasp the underlying truths of finance; and many are pained at seeing him on this issue distort himself to exude matter poisonous to their interests, as they believe.

I wonder did the conclusions aimed at by Mr. Horr in answering Mr. Phipps seem the same to others as to me? Did he purpose to instruct Mr. Phipps and other readers that the bullion price of gold under a free-coinage system would fluctuate as fluctuates the price of commodities—goods which allay the natural periodic wants of man—that gold and silver bullion, when gold and silver have free entrance to the mints for coinage into legal tender money, are obedient to the law of supply and demand; in other words, that parity can be attained and maintained only so long as the consumable supply of silver was to the supply of gold, and the demand for the one as to the demand for the other, is and continues as the monetary ratio? Moreover, would he have us believe that cost of production affected, and with supply and demand established, the bullion price of gold and silver under a free coinage system?

I extract some passages from Mr. Horr's reply:

"The people who believe in maintaining a gold standard assert that the present low price of silver is largely owing to the enormous increase in production, which has thus largely increased the supply, and also to the much cheaper methods of mining and smelting silver, which have resulted in an ounce of silver representing so much less human labor than it did in former years, when its value was so much greater as compared with gold than at the present time. I have not the least doubt that the present low price of silver is much owing to the causes just stated. * * *

"When the amount of pure gold was fixed of which our present gold dollar should consist, that amount of gold was then worth almost exactly the same as the amount of pure silver which constituted then and which now is contained in each so-called silver dollar in this country. The intention of the law at that time was to make gold dollars and silver dollars of exactly the same intrinsic value, because a double standard is impossible unless the value of the two units is the same. * * *

"The laws of this country require our financial affairs to be managed so as to keep our silver and gold at equal exchangeable value, without regard to their actual or intrinsic value. That is what is meant by 'parity of value.' This can only be done by the government paying all obligations in gold."

These passages are fairly illustrative of the arguments promulgated in support of the single gold standard; and, doubtless, the correctness of the conclusions I have drawn from them will be freely admitted.

Mr. Horr is worthy of commendation, in that, in handling the issue, he makes use of argument, such as it is, rather than denunciation. Therein he distinguishes himself from the greater number of gold standard advocates. I instance as one of the majority Mr. Edward Atkinson, and cite his article in the Record of April 26.

I wish to answer Mr. Phipps' question: Why is the bullion worth of a gold dollar more than the bullion worth of a silver dollar?

At the outset I think it necessary to clear away some of the confusion of thought in relation to money.

A clear understanding of the financial issue—whether silver properly should or should not be upon an equal footing with gold, a bearer of the money function, cannot be attained through an analysis of the subject in which the terms, value, fluctuation, demand and supply, scarcity and abundance are applied to gold and silver while unlimitedly coined. Those terms have definite meaning when applied to commodities, to goods desirable for consumption, and which are destroyed or retained by the person using them. Money is of a different nature, and with like significance those terms are not applicable to money—to gold and silver when freely minted.

Money is not desired for consumption or retention. Unlike commodity, it does not expect a final purchaser, nor do successive changes lessen or increase its desirability; to part with it is to immediately reseek it.

Gold and silver, under a free-coinage system are desirable in the same manner, to the same extent and for the same purposes that money is. The bullion is convertible at the possessor's will into equal weights of coin, and hence becomes equally desirable with money.

Gold and silver under a free-coinage system are not desirable mainly for use in the arts and for ornamentation. The demand for such purposes cannot add price to the uncoined bullion. Who exchange more goods for bullion when less goods will obtain an equal quantity of the desired metal in the form of coin? With wheat supplies in excess of consumption are in effect a deficiency of demand; the price lowers. But deficient demand for gold and silver for use in the arts, when gold and silver are free to enter the mints, cannot lessen the price as measured by the unit of value. Why exchange in the market the bullion for less goods when by having it coined the coin will purchase more goods?

The persons now likening gold and silver in allegiance to the law of supply and demand unto wheat, pig-iron, etc., crowd their range of vision with the service performed by the metal in bygone ages, and do not discern the superseding attribute of legal tender.

Gold and silver were first used for ornament. Later they came to be used as a standard of value, passing in business transactions by weight. A man possessing goods not needed for his own immediate consumption, and not conveniently retained unimpaired, traded them for gold and silver if he could. In time, with the advance of civilization, came order, protection of the individual in his property rights and enforcement of contracts. Units of value were enacted, and fixed quantities of gold and silver were made to bear the unite of value. Then gradually the people ceased registering their commercial transactions, their debts and dues, in commodities such as cattle, rice, wheat, or gold and silver by weight, and reckoned in the common unit of value, the coin of the realm. Subjects were forced to take, in buying or selling, or other payment, any money lawfully made.

Now that which is made to discharge debt is the equivalent of all objects which are desirable and which require labor to reduce to possession—objects consumed, objects existing for consumption and objects of future production. Obviously, desire (demand), in the abstract is constant. Hence the demand for money is constant. The intensity of demand can not relax.

To fully comprehend the equivalence of money is to apprehend clearly the constant, never relaxing demandability of money. It settles the score of past indulgence, commands present enjoyment and insures against future want. These three human prevalences can not all rise together or fall together. One may rise while the other falls. The present may disregard the obligations of the past and neglect the future, but in that event it will revel to-day; it may deny itself to-day in penance of the past or mindful of future condition will affect the demand for commodities, but the demand for money will be unaffected. If not wanted to liquidate the past or to provision the future it is wanted none the less intensely for indulging the present. And for the present to forego it is to have either the past or the future grasp to possess it.

Certainly there never has been a supply sufficient to relax the intensity demand, and just as certainly there never can be. As the division of labor attends on advancing civilization the universality and intensity of demand will increase.

Admitted then, that the demand for money—legal-tender money—is constant. Good bullion and silver bullion, under a free-coinage system, are money, are equivalent in equal weights with money. Therefore the demand for gold and silver bullion is constant.

Commodities, wheat, silk, any or all of the many objects desired by man, limited in quantity and produced for and destroyed by consumption, fluctuate in value under the influence of the law of supply and demand, and of the law of substitution; a sufficient supply predicates a deficient demand, a deficient supply an increased demand, while beyond a certain measure of sacrifice use declines and substitutes less exacting fill the want.

It is not so with the bullion under a free-coinage system. The uncoined metal has the constant and universally present demandibility of money. Imperative are the laws of the market, and supply and demand as to it. Fluctuation of value, together with scarcity and redundancy of supply, as well as deficiency and sufficiency of demand, are not of it. Value it loses, and in its stead a property distinct from and superior to value is acquired. Fluctuation of demand is lost and universality and constancy of demand is gained; and losing the possibility of excessive supply it acquires the impossibility of sufficient supply.

If it be allowed that I am right so far in the reasoning there can be no disputing the proposition that the price of bullion, when gold and silver are freely minted, is the mintage price, and can be none other. If 371.25 grains of pure silver, and 23.22 grains of pure gold are each made the bearer of the unit of value, then the price in the market of the respective quantities of ... will be the unit of value, no ... no less. In the market the quantity of one is the equivalent of the quantity of the other; 11.61 grains gold cannot equal 371.25 grains silver. One-half is not equal to the whole.

The conclusions so far reached have been evolved from an analysis of bullion price under a free-coinage system. ... further argument, let us suppose ... free coinage of both gold and silver as prior to 1873; follow that with demonetization of either metal, and briefly examine the effect on the price of the demonetized metal.

We have seen as to commodities that an excessive supply is in effect a deficient demand, the price lowers.

Mr. Morton, the secretary of agriculture, has time and again lectured the country on prices. He has told how the law of supply and demand is inexorable; how it exacted obedience from gold and silver as truly as of the products of the farm. Granted, if gold and silver be demonetized.

Recently an editor of the leading Democratic paper of New York city in disputing the proposition that gold and silver under a free-coinage system are desirable chiefly to perform the function of money said: "The truth is that gold and silver perform the function of money solely because they are desirable as commodities. Three-quarters of all the gold annually produced, and a large amount of silver, are consumed for manufacturing and artistic purposes, and their power to fulfill these purposes is what makes them valuable, not their use as money."

If his assertion respecting the quantity of gold annually consumed in the arts is true, is it not likewise true that the demand for such purposes is no greater than three-fourths of the supply? Then how about the other one-fourth? Suppose gold be demonetized. What will be the effect of a 25 per cent supply in excess of the prevailing demand?

Will the honorable gentleman tell us the effect on the price of our countrymen farmers' wheat should the United States annually produce 500,000,000 bushels, against an annual consumption of only 375,000,000 bushels, with no outlet for the 125,000,000 bushels surplus? Wheat would become a drug, would it not?

We hardly need the honorable secretary's advice on this or other like agricultural quandaries. Yet, if not, of what use is the honorable secretary in his honorable place?

The task the president has set him is much too big for him. Not but what we value highly the merits of the secretary. Out here we think Morton a bigger man than Cleveland, figuratively; mortal, however, we may presume he is. And, therefore, quite unequal to ridding the farms of the country of what he technically terms heresy, financial heresy, the vulgar name being 16 to 1.

Had gold suffered demonetization to the same extent silver has, the price of gold bullion would have been sensibly lessened. That conclusion is forced upon us. We believe it, we must believe it—the honorable secretary to the contrary notwithstanding.

Silver was demonetized. The annual production of silver exceeded the demand for manufacturing and artistic purposes. The mints no longer supplied an unvarying demand for the excess. Universality and constant demand was lost. Nothing remained but the bare commodity demand. The price of silver fell.

Such, I take it, is the true answer to Mr. Phipps' question: Why is the bullion worth of a gold dollar more than the bullion worth of a silver dollar?

W. G. SEWARD.

Two Hundred Tons of Feathers.

It is estimated that 200 tons of ostrich feathers have been exported from Cape Colony during the last thirty years, valued at $50,000,000.

Absent-Minded.

Customer (with chapped hands)—Have you anything that will drive away chaps? Druggist (man of family)—Y-e-s, I keep a dog.

A man who will wear made over ties will let his wife cut his hair for him.